

16th Annual Report

Year Ending

MARCH 31st, 1939



Commercial Alcohols Limited

3176 Notre Dame Street East

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May 25th, 1939.

To the Shareholders of Commercial Alcohols Limited.

Your Directors submit herewith your Company's Sixteenth Annual Report, together with Balance Sheet as at March 31, 1939, also statement of Profit and Loss and Surplus Account for the twelve month period ending on that date, together with the Report of the Company's Auditors, Messrs. McDonald, Currie, & Co.

An examination of the Statement of Profit and Loss will show that a net profit of \$105,670.92 was earned before providing for Depreciation, Income Tax, and Preferred Stock Dividends, and, in comparison with the two previous years, shows a decided improvement.

Year ending March 31st			
	1939	1938	1937
Net Operating Profit.....	\$105,670.92	\$86,212.48	\$59,068.29
Depreciation.....	17,075.29	26,572.15	17,749.32
Provision for Income Tax.....	\$88,595.63	\$59,640.33	\$41,318.97
	15,504.23	10,710.02	7,309.62
	\$73,091.40	\$48,930.31	\$34,009.35

The amount of Depreciation taken for 1939 is the maximum allowed by the Government for Income Tax purposes.

During the year \$15,091.82 was spent on Plant extensions which completed the improvements started the previous year. Your Directors are continuing to follow the policy of moderate expansion, and making capital expenditures chiefly for the purpose of economy and increased efficiency.

The raw material required for your Company's operations for the coming year has been contracted for at favourable prices.

Your Company has cooperated with the Quebec Department of Labour in meeting all their requirements for shorter working hours, and have done so without reducing the employees' weekly wage. In addition, your Company has given every employee who has been with the Company for one year a week's holiday with full pay. Also Group Insurance is provided against Death, Sickness, and Accident, your Company paying half the cost.

Your Company's operations and sales during the year under review were satisfactory, and while there was a slight drop in Canadian Magnesia Sales, this was more than offset by the increase in export sales, shipments going to Great Britain, Australia, New Zealand, India, and several European Countries.

Your Directors, after considering the Company's Statement and future prospects, decided they were justified in declaring an Interim Dividend of Ten cents per share on the Common Stock of the Company payable May 15th to Shareholders of record May 1st, 1939.

All the Company's Plants and Equipment have been well maintained, and are in good condition.

Your Directors wish to express their appreciation of the faithful and efficient services rendered by the Staff and employees.

Respectfully submitted,

On behalf of the Board,

C. G. KERTLAND,
President.

DIRECTORS

THOMAS ARNOLD	W. J. HENDERSON	JOHN IRWIN	C. G. KERTLAND
A. LAFONTAINE, K.C.	F. J. MANNING		J. A. WALES

COMMERCIAL ALCOHOLS LIMITED

Balance Sheet as at 31st March 1939

ASSETS			LIABILITIES		
Current Assets:			Current Liabilities:		
Cash.....	\$ 47,066.33		Accounts Payable and Accrued Expenses.....	\$ 6,687.27	
Accounts Receivable — less reserve.....	23,352.10		Provision for Taxes including Dominion and Provincial Income Taxes.....	16,618.42	
Inventories — Finished Products, Raw Materials and Supplies— As determined by actual count, weight or measurement and valued at cost which is not in excess of market values.....	118,769.50		Preferred Dividend — Payable 15th April, 1939.....	5,000.00	28,305.69
	189,187.93				
Containers on hand — (less reserve of \$4,107.03)	11,961.42	\$201,149.35			
Deferred Charges:			Capital and Surplus:		
Sundry Prepaid Expenses.....		4,542.48	Preferred Stock:		
			Authorized, Issued and Fully Paid —		
			50,000 8% Cumulative Convertible Redeemable Shares of a par value of \$5.00 each.....		
				250,000.00	
Fixed Assets:			Common Stock:		
Buildings, Plant and Equipment — at cost.....	345,685.93		Authorized —		
Less: Reserve for Depreciation.....	149,809.10	195,876.83	400,000 shares without nominal or par value.		
			Issued and Fully Paid —		
			177,400 shares at 31st March, 1938.....		
			600 shares issued for cash during the year.....		
				168,322.00	
			178,000 shares outstanding 31st March, 1939.....		
Rights and Contracts		111,152.09	Earned Surplus:		
			as per attached statement.....		
				66,093.06	484,415.06
			Contingent Liability in respect of containers in the hands of customers.		
APPROVED ON BEHALF OF THE BOARD:					
C. G. Kertland } Directors.		\$512,720.75			\$512,720.75
John Irwin }					

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Commercial Alcohols Limited for the year ended 31st March, 1939 and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above Balance Sheet and Relative Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs, and the results of the operations for the year, according to the best of our information and the explanations given to us and as shown by the books of the company.

MONTREAL, 8th May, 1939.

(Signed) McDONALD, CURRIE & CO.,
Chartered Accountants.

COMMERCIAL ALCOHOLS LIMITED

GENERAL STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st MARCH, 1939

Net Operating Profit — before the following deductions.....		\$121,423.02
Salaries and fees paid to executive officers.....	\$14,380.00	
Fees paid to other directors.....	960.00	
Legal Fees.....	412.10	15,752.10
Provision for depreciation.....		105,670.92
		17,075.29
		88,595.63
Provision for Dominion and Provincial Income Taxes.....		15,504.23
Net Profit		<u>\$73,091.40</u>

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st MARCH, 1939

Balance at Credit — 31st March, 1938.....		\$14,331.48
Add: Balance of reserve for repurchase of containers...	\$ 4,490.11	
Net Profit for the year.....	73,091.40	77,581.51
		91,912.99
Deduct: Adjustment of Dominion and Provincial Income		
Taxes in respect of prior periods.....	5,819.93	
Preferred dividends paid and payable.....	20,000.00	25,819.93
Balance at Credit — 31st March, 1939.....		<u>\$66,093.06</u>